

**EPITOME OF THE CAG'S AUDIT REPORTS
FOR THE STATE OF HIMACHAL PRADESH
FOR THE YEAR ENDED 31 MARCH 2016**



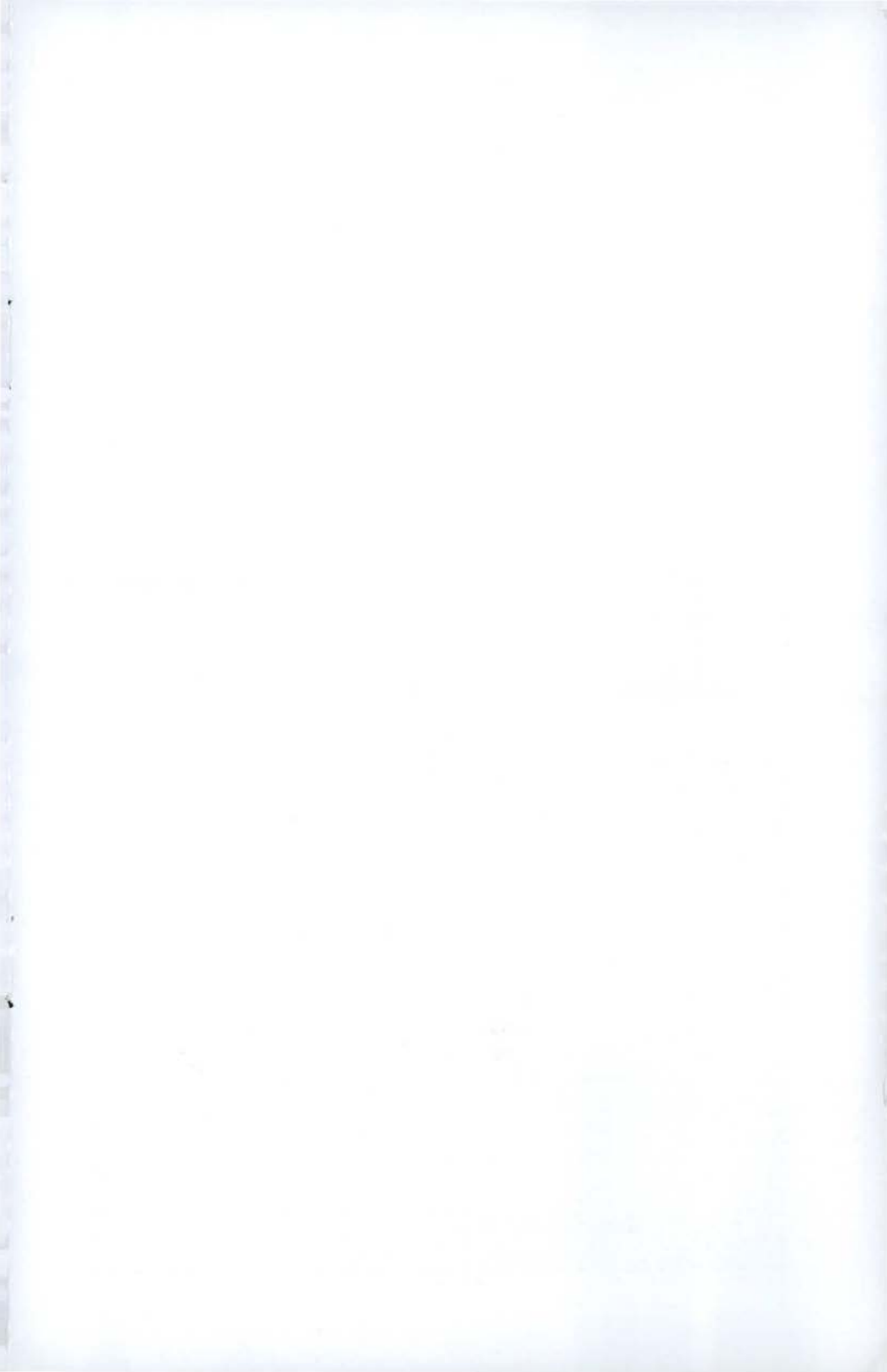
Preface

This brochure presents, at a glance, the important contents of the Reports of the Comptroller and Auditor General of India on State Finances, Revenue Sector, Public Sector Undertakings (Economic Sector) and Social, General and Economic Sectors (Non-Public Sector Undertakings) relating to the Government of Himachal Pradesh for the year ended 31 March 2016. These Reports contain major findings of audit of financial transactions of Government of Himachal Pradesh, Government companies and statutory corporations. Other audit observations, which are not contained in these Audit Reports, are pursued for their settlement with the respective Controlling Officers and Head of Offices. In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards his Audit Reports on the accounts as well as on the points noticed during audit of financial transactions of the State Government to the Governor, who causes them to be laid on the Table of the *Vidhan Sabha*.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of Reports on State Finances, Revenue Sector and Social, General and Economic Sectors (Non-Public Sector Undertakings) and the Committee on Public Sector Undertakings (COPU) in respect of Report on Public Sector Undertakings (Economic Sector). The Government departments are to submit *suo motu* Action Taken Notes on all Audit Paragraphs and Reviews to the respective Committee, duly vetted by Audit. The Committee selects some of the paragraphs/ reviews for detailed examination after which a report containing their observations and recommendations is presented to the *Vidhan Sabha*.

The drafts of the paragraphs/ reviews included in the Audit Reports are always forwarded to the Principal Secretary of the concerned Department for his comments so that the views of the Government are incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the concerned Department intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the Departments did not abide by the provision of furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only a summarised version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for authentic facts and figures. The names and telephone numbers of the Officers who can be contacted for any clarification in respect of Audit Reports are on the inner page of the back cover of this publication.



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AUDIT REPORT ON STATE FINANCES (Report No. 4 of 2016)

Based on the audited accounts of the Government of Himachal Pradesh for the year ended 31 March 2016, this Report provides an analytical review of the Annual Accounts of the State Government.

The Report is structured in three Chapters viz., 'Finances of the State Government', 'Financial Management and Budgetary Control' and 'Financial Reporting'.

FINANCES OF THE STATE GOVERNMENT

The Finance Accounts of the State Government present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications. Apart from the summary of all the transactions in the Government Accounts, the Finance Accounts contain (a) Summary of Debt position, (b) Loans and Advances of the State Government, (c) Guarantees given by the State Government and (d) Summary of Balances. The financial position of the State Government and the audit observations thereon are as follows:

Summary of Finance Accounts

(₹ in crore)

Receipts			Disbursements		
	2014-15	2015-16		2014-15	2015-16
Section-A: Revenue					
Revenue receipts	17,843	23,440	Revenue expenditure	19,787	22,303
Tax revenue	5,940 (33)	6,696 (29)	General Services	7,604	8,788
Non-tax revenue	2,081 (12)	1,837 (8)	Social Services	7,451	7,980
Share of Union Taxes/ Duties	2,644 (15)	3,611 (15)	Economic Services	4,723	5,525
Grants from Government of India	7,178 (40)	11,296 (48)	Grants-in-aid and Contributions	9	10
Section-B: Capital and others					
Misc. Capital Receipts	650	--	Capital outlay	2,473	2,864
Recoveries of Loans and Advances	41	26	Loans and advances disbursed	474	463
Public Debt receipts	10,877	6,129	Repayment of public debt	8,260	3,948
Contingency Fund	--	--	Contingency Fund	--	--
Public account receipts#	10,575	11,515	Public account disbursements#	8,844	10,577
Opening cash balance	(-) 887	(-) 739	Closing cash balance	(-) 739	216
Total	39,099	40,371	Total	39,099	40,371

In other places net figures of public account receipts have been taken for analysing the State resources.

Fiscal correction path

The State achieved the target of reduction of revenue deficit to zero in 2011-12 as it reached a revenue surplus but could not maintain the surplus thereafter and experienced a situation of huge deficits during the period 2012-13 to 2014-15 in all three indicators viz. revenue deficit, fiscal deficit and primary deficit.

During 2015-16, the revenue deficit of ₹ 1,944 crore of 2014-15 turned to revenue surplus and stood at ₹ 1,137 crore due to sharp increase in revenue receipts by 31 per cent as against increase in revenue expenditure by 13 per cent over the previous year.

Fiscal deficit decreased from ₹ 4,200 crore in 2014-15 to ₹ 2,165 crore during 2015-16 and the State kept fiscal deficit relative to Gross State Domestic product (GSDP) (1.96 per cent) below the limit prescribed under Fiscal Responsibility and Budget Management (FRBM)/XIV Finance Commission (FC) (i.e. 3 per cent). Primary deficit ₹ 1,351 crore in 2014-15 turned to surplus (₹ 990 crore) during 2015-16 due to substantial increase in revenue receipts as a result of central transfers on the recommendations of XIV FC.

(Paragraph 1.11.1)

Oversight of funds transferred directly to the State implementing agencies

In spite of Central Government decision to route these funds through budget from 2014-15, funds were still transferred directly to the State Implementing agencies during 2014-16.

During 2015-16, these direct funds increased from ₹ 278.55 crore to ₹ 364.57 crore over the previous year. Since these funds do not pass through the State budget, the Finance Accounts do not present a complete picture of fund flow of Central Government resources to the State.

(Paragraph 1.2.2)

Less Priority to Capital Expenditure

Priority has not been given by the State Government to capital expenditure as the percentage ratio of capital expenditure to aggregate expenditure is 10.88 in 2014-15 and 11.17 in 2015-16, which is lower than the average ratio of Special Category States (SCS) 15.27 in 2014-15 and 13.95 in 2015-16. Though it slightly increased by 0.29 percentage point in 2015-16 over the previous year it was below the average of SCS by 2.78 percentage point.

(Paragraph 1.7.1)

Review of Government investments

The average return on the Government's investments in Statutory Corporations, Rural Banks and Joint Stock companies during 2011-16 was 4.10 *per cent* whereas the Government paid average interest rate of 7.89 *per cent* on its borrowings during above period.

(Paragraph 1.8.2)

Sanctioning/ advancing of loans without finalising terms and conditions

An amount of ₹ 18.48 crore had been sanctioned as loan during the period 2008-09 to 2013-14 without finalising the terms and conditions.

(Paragraph 1.8.3.1)

Expenditure on salary and wages

The expenditure on salaries and wages decreased by ₹ 244 crore (3 *per cent*) over the previous year and constituted 35 *per cent* of revenue receipts of the State during 2015-16. The salary expenditure in the current year (₹ 7,950 crore) was within the projections made in Medium Term Fiscal Plan Statement (MTFPs) (₹ 8,285 crore).

(Paragraph 1.6.2)

Increase in fiscal liabilities and trends of market borrowings

Fiscal liabilities at the end of current year (2015-16) were ₹ 41,197 crore with increase of 8 *per cent* over the previous year and stood at 37 *per cent* of GSDP and 176 *per cent* of the revenue receipts.

The maturity profile of the State debt indicates that 8 *per cent* (₹ 2,268 crore) of the public debt is payable in the next year. Thirty eight *per cent* (₹ 10,567 crore) is payable in the next 1-5 years' time while the remaining 54 *per cent* (₹ 15,075 crore) loans are required to be paid in more than five years' time which would put a strain on the Government budget during that period. It is indicative that State is required to pay 62 *per cent* debt within seven years which is not a very comfortable position and could lead towards 'debt trap'.

The State's per capita debt had shown increasing trend from ₹ 40,904 in 2011-12 to ₹ 57,642 during 2015-16 (an increase of 41 *per cent* in five years' time). It increased by ₹ 3,729 (7 *per cent*) during 2015-16 (₹ 57,642) over the previous year (₹ 53,913).

(Paragraphs 1.9.2 and 1.10.1)

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

Summary of Appropriation Accounts for the year 2015-16

(₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted					
Revenue	22,296.08	1,450.86	23,746.94	21,561.76	(-) 2,185.18
Capital	2,990.92	289.63	3,280.55	2,883.53	(-) 397.02
Loans and Advances	397.49	34.17	431.66	463.16	31.50
Total Voted	25,684.49	1,774.66	27,459.15	24,908.45	(-)2,550.70
Charged					
Revenue	2,998.51	161.26	3,159.77	3,198.94	39.17
Capital	--	40.56	40.56	41.02	0.46
Public Debt- Repayment	1,502.77	125.79	1,628.56	3,947.73	2,319.17
Total Charged	4,501.28	327.61	4,828.89	7,187.69	2,358.80
Appropriation to Contingency Fund (if any)					
	--	--	--	--	--
Grand Total	30,185.77	2,102.27	32,288.04	32,096.14	(-) 191.90

Savings/Excess	<p>The overall savings/unutilized funds of ₹ 191.90 crore registered under Grants/Appropriations during 2015-16 was the result of savings of ₹ 3,040.33 crore, offset by excess of ₹ 2,848.43 crore. The excess expenditure of ₹ 2848.43 crore during 2015-16 in addition to ₹ 5753.78 crore for the years 2010-15 requires regularisation.</p> <p style="text-align: right;">(Paragraphs 2.2 and 2.3.1.1)</p>
Substantial surrenders	<p>In 42 cases, ₹ 3,135.63 crore were surrendered at the end of the financial year (more than ₹ 10 crore surrender in each case).</p> <p style="text-align: right;">(Paragraph 2.3.4.2)</p>
Supplementary grants	<p>In eight cases (₹ one crore or more in each case) supplementary provision of ₹ 318.46 crore proved unnecessary, as the expenditure did not come up to the level of original provision. In seven cases (₹ one crore or more in each case) supplementary provision of ₹ 500.05 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 2,805.32 crore. Of this uncovered excess, ₹ 2,319.17 crore (83 <i>per cent</i>) was incurred under grant number 29 Finance (Capital - Charged) by the Finance Department.</p> <p style="text-align: right;">(Paragraph 2.3.1.4)</p>
Injudicious re-appropriation	<p>Injudicious re-appropriation proved excessive or insufficient and resulted in savings/ excess (₹ one crore or more in each case) in 48 sub-heads. Of these, excess/savings (₹ 10 crore or more in each case) occurred in 11 sub-heads.</p> <p style="text-align: right;">(Paragraph 2.3.2)</p>
Rush of expenditure	<p>Contrary to State Financial Rules, in respect of 33 sub-heads expenditure exceeding ₹ 10 crore constituting more than 50 <i>per cent</i> of the total expenditure for the year 2015-16 was incurred in the month of March 2016.</p> <p style="text-align: right;">(Paragraph 2.3.3)</p>

FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

Delay in furnishing Utilisation Certificates

There were delays in furnishing 2,944 utilisation certificates in respect of loans and grants amounting to ₹ 2,225.40 crore as on 31 March 2016.

(Paragraph 3.1)

Delay in submission of Accounts

HP Building and Construction Workers Welfare Board, Shimla has not rendered their accounts for the year 2014-15, whereas the delay in respect of other bodies ranged between one month and six months. The accounts for the year 2015-16 in respect of all the 14 bodies had not been furnished as of August 2016.

(Paragraph 3.2)

Pending cases of misappropriations, losses, defalcations, etc.

The State Government reported 47 cases of misappropriations/loss, theft, etc., involving government money amounting to ₹ 78.70 lakh on which final action was pending as of June 2015. Out of these, 41 cases were more than five years old.

(Paragraph 3.4)

Non-adjustment of Temporary Advances

The Government's compliance to various rules, procedures and directives was lacking in various departments as there were 104 cases of temporary advances aggregating ₹ 34.38 crore pending in the State departments for adjustments as of September 2016.

(Paragraph 3.5)

AUDIT REPORT ON REVENUE SECTOR (Report No. 1 of 2017)

Introduction

This Report contains 27 paragraphs relating to non/short levy of Value Added Tax/ Central Sales Tax (VAT/CST), State excise, Stamp duty and registration fee, passenger and goods tax and royalty with revenue implication of ₹ 279.28 crore. During the year, the Department concerned accepted under-assessment and other deficiencies of ₹ 182.20 crore in 664 cases, out of which an amount of ₹ 23.06 crore was realised in 533 cases relating to findings of previous year (₹ 15.15 crore in 471 cases) and findings of year 2015-16 (₹ 7.91 crore in 62 cases).

General – Trend of revenue receipts

The total revenue receipts of the Government for the year 2015-16 was ₹ 23,440.48 crore as compared to ₹ 17,843.45 crore during the previous year. Out of this, 36 *per cent* was raised through tax revenue (₹ 6,695.81 crore) and non-tax revenue (₹ 1,837.15 crore). The balance 64 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 3,611.17 crore) and Grants-in-Aid (₹ 11,296.35 crore). There was an increase in revenue receipts over the previous year by ₹ 5,597.03 crore.

(Paragraph 1.1)

Audit findings

EXCISE AND TAXATION DEPARTMENT

Audit on 'Recovery of Passenger and Goods Tax in Excise and Taxation Department'

'Recovery of Passenger and Goods Tax in Excise and Taxation Department'

Poor maintenance of essential records coupled with inadequate enforcement and lack of co-ordination between Motor Vehicle Registering Authorities and the Excise and Taxation Department to ensure registration of all commercial vehicles under the Himachal Pradesh Passengers and Goods Tax Act resulted in non/short levy of revenue amounting to ₹ 84.90 crore.

(Paragraph 5.3)

REVENUE DEPARTMENT

Audit on 'Grant of Government Land on lease and realisation of lease money'

Grant of Government Land on Lease and realisation of lease money

The State Government failed to ensure adherence and enforcement of statutory and regulatory provisions while leasing land to users for various purposes resulting in short or non-recovery of

revenue totaling ₹ 101.80 crore. The ability of the Department to monitor and properly manage leases were also undermined by non-maintenance of a centralised data of land and allotments made on lease basis. Lease deeds were not executed/renewed within the specified period, lease money was not fixed/ revised as per prescribed rates on the basis of prevailing market value of the land and the Department had not taken any action to resume the land in favour of Government or cancel the lease deeds.

(Paragraph 4.3)

TRANSACTION AUDIT

A. EXCISE AND TAXATION DEPARTMENT

(i) Taxes/ VAT on Sale, Trade, etc.

Non recovery of the lease money from the lessees

The Department of Taxes/VAT on Sales and Trade took no action to recover lease money from lessees of toll barriers amounting to ₹ 51.40 crore.

(Paragraph 2.3)

Application of incorrect rate of tax

The Assessing Authority applied incorrect rate of tax of four to 11 *per cent* instead of applicable rates of five to 30 *per cent* while finalising assessment of nine dealers during the years 2005-06 to 2013-14 resulting in short realisation of tax amounting to ₹ 0.54 crore. In addition, interest of ₹ 0.41 crore was also leviable.

(Paragraph 2.4)

Acceptance of invalid, duplicate and defective statutory forms

Acceptance of invalid, duplicate and defective statutory forms by Assessing Authorities and allowing concessional rate of tax on inter-state sales resulted in short levy of tax of ₹ 47.90 lakh in 15 cases. In addition, interest of ₹ 41.83 lakh was also leviable.

(Paragraph 2.5)

Loss of revenue due to non-payment of entry tax

A dealer had paid entry tax of ₹ 3.40 crore as against tax payable of ₹ 6.91 crore resulting in short levy of tax of ₹ 3.51 crore.

(Paragraph 2.6)

Incorrect determination of Gross Turnover

The Assessing Authority during assessment of a dealer for the year 2008-09 excluded the sundry debtors from the Gross Turnover resulting in loss of revenue of ₹ 0.83 crore. Besides, interest was also leviable.

(Paragraph 2.7)

(ii) State Excise

Short recovery of license fee on opening of vends

License fee amounting to ₹ 8.59 crore was short recovered from 29 licensees. In addition, interest of ₹ 1.03 crore was also leviable.

(Paragraph 3.3)

Non-levy of additional fee and penalty on short lifting of Minimum Guaranteed Quota

Additional fee of ₹ 5.34 crore for short lifting of 20,16,928 proof liters of liquor by licensee of 451 vends was not levied. In addition, a penalty of ₹ 0.54 crore was also leviable.

(Paragraph 3.4)

Non-levy of interest on belated payment of license fee

Interest amounting to ₹ 99.61 lakh on delayed payment of license fee of ₹ 76.39 crore was not demanded by the Department from the licensees of 109 vends resulting in short levy of interest to that extent.

(Paragraph 3.5)

Non-recovery of license fee on unsold stock of liquor

License fee of ₹ 43.83 lakh was recoverable in respect of 252 vends due to non-accountal of unsold stock of preceding year.

(Paragraph 3.6)

Non/short recovery of salaries of excise establishment posted at distillery/ brewery/bottling plants

Salaries of ₹ 34.77 lakh of excise establishment staff posted in a brewery, a distillery and two bottling plants were not recovered from the licensees for the year 2014-15.

(Paragraph 3.7)

Short recovery of license fee and interest on bottling of Country liquor

License fee and excise duty amounting to ₹ 28.75 lakh from two licensees was short recovered, resulting in loss of revenue to that extent. Interest on belated payment of license fee/franchisee fee of ₹ 5.39 lakh was also recoverable.

(Paragraph 3.8)

Non-realisation of Entertainment Duty

The Excise and Taxation Department did not levy entertainment duty on cable operators thereby forgoing revenue of at least ₹ 0.55 crore.

(Paragraph 3.10)

B. REVENUE DEPARTMENT

Short recovery of Stamp Duty and Registration Fee on built up structure

Incorrect adoption of market rate for built up structure of ₹ 10.99 crore resulted in short realisation of Stamp Duty and Registration Fee of ₹ 0.79 crore.

(Paragraph 4.4)

Short determination of market value of properties

Incorrect valuation on the basis of affidavits regarding distance of the land from road filed by purchasers resulted in short realisation of Stamp Duty and Registration Fee of ₹ 0.56 crore. In addition, penalty of ₹ 27.94 lakh was also leviable.

(Paragraph 4.5)

Short recovery of Stamp Duty due to application of incorrect rates

Application of incorrect rates of Stamp Duty in sale deeds resulted in short realisation of Stamp Duty of ₹ 31.87 lakh in 400 cases.

(Paragraph 4.6)

Short realisation of Stamp Duty and Registration fee on lease deed

Non-adopting of prevailing market rates on lease deeds resulted in short recovery of Stamp Duty and Registration Fee of ₹ 10.64 lakh.

(Paragraph 4.7)

C. TRANSPORT DEPARTMENT

Non-realisation of Token Tax

Token tax ₹ 4.09 crore in respect of 11,018 vehicles for the years 2012-13 to 2014-15 was neither demanded by the Department nor paid by the vehicle owners.

(Paragraph 5.4)

Short deposit of user charges

The e-governance societies collected receipt of ₹ 43.02 lakh on account of user charges of which ₹ 10.76 lakh was to be deposited in the

Government account. However, only ₹ 1.79 lakh was deposited resulting in ₹ 8.97 lakh remaining outside Government account.

(Paragraph 5.5)

Non/short recovery of Special Road Tax

Special Road Tax was not recovered from Himachal Road Transport Corporation, private stage carriages and stage carriages of other States amounting to ₹ 1.53 crore.

(Paragraph 5.6)

D. FOREST DEPARTMENT

Blocking of revenue due to non-disposal of seized timber

Non-disposal of seized timber measuring 539.2254 cubic meter lying in various depots of the Department for disposal resulted in blocking of revenue of ₹ 2.79 crore including value added tax of ₹ 33.70 lakh.

(Paragraph 6.3)

Short recovery of royalty due to application of incorrect rates

Short recovery of royalty of ₹ 8.30 crore due to application of incorrect rates of royalty by the Himachal Pradesh State Forest Development Corporation Limited.

(Paragraph 6.4)

Non/short realisation of cost of trees

Cost of ₹ 32.50 lakh of 536 trees having standing volume of 257.434 cubic meters coming in the alignment of projects was not recovered from the user agencies by the Department.

(Paragraph 6.5)

Non-levy of extension fee

Lease period of 36 timber lots handed over to Himachal Pradesh State Forest Development Corporation Limited for exploitation of timber were extended without demanding extension fee ₹ 17.20 lakh.

(Paragraph 6.6)

AUDIT REPORT ON PUBLIC SECTOR UNDERTAKINGS - ECONOMIC SECTOR (Report No. 2 of 2017)

This Report contains one performance audit on provision of transport services within the State of Himachal Pradesh and 11 paragraphs with financial implication of ₹ 258.14 crore relating to issues of avoidable payment due to the non-compliance of rules, directives and procedures, non / short recovery of energy charges and infructuous expenditure that resulted in losses to the companies/ corporations.

About the State Public Sector Undertakings

The State of Himachal Pradesh had 20 working Public Sectors Undertakings (PSUs) (18 Government companies and two statutory corporations) and two non-working companies which employed 34,457 employees. As on 31 March 2016, the investment (capital and long-term loans) in 22 PSUs was ₹ 10,820.11 crore. Out of the total investment in State PSUs, 99.27 per cent was in working PSUs and the remaining 0.73 per cent in non-working PSUs. The total investment consisted of 33.82 per cent towards capital and 66.18 per cent in long-term loans. The thrust of PSU investment was mainly in the power sector which increased from 82.36 per cent to 88.06 per cent of the total investment during 2011-12 (₹ 5,376.56 crore) to 2015-16 (₹ 9,527.82 crore). The budgetary outgo towards equity, loans and grants/ subsidies which stood at ₹ 722.69 crore in 2011-12 increased to ₹ 1,027.70 crore in 2015-16.

(Paragraphs 1.1, 1.6, 1.7 and 1.8)

Arrears in finalisation of accounts

The State government invested ₹ 809.10 crore in eleven PSUs for which accounts have not been finalised. In the absence of finalisation of accounts and their audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and whether the purpose for which the amount was invested had been achieved or not. Thus Government's investment in such PSUs remained outside the oversight of the State Legislature.

(Paragraph 1.11)

**Performance of PSUs
as per their latest
finalised accounts**

The turnover of working PSUs decreased from ₹ 4,990.22 crore in 2011-12 to ₹ 4,945.29 crore in 2012-13 due to less turnover in respect of HPSEBL and HPMC and again increased from 5,952.79 crore in 2013-14 to ₹ 7,565.74 crore in 2015-16. The percentage of turnover to state GDP decreased from 7.51 in 2011-12 to 6.85 in 2015-16.

During the year 2015-16, out of 20 working PSUs, nine PSUs earned profit of ₹ 18.75 crore and eight PSUs incurred loss of ₹ 367.73 crore which includes three PSUs which prepared their accounts on a 'No profit no loss basis'. One working Government company (Beas Valley Power Corporation Limited) has not prepared its profit and loss account whereas in respect of one working PSU viz. Himachal Pradesh Road and Other Infrastructure Development Corporation Limited, excess of expenditure over income is reimbursable by the State Government. The Himachal Kaushal Vikas Nigam Limited incorporated in 2015-16 has not prepared its first accounts.

As per their latest finalised accounts, nine PSUs earned an aggregate profit of ₹ 18.75 crore out of which only three PSUs declared / paid a dividend of ₹ 2.25 crore during 2014-15. The remaining six profit making PSUs had not declared and paid any dividend to the State government.

(Paragraphs 1.15, 1.16 and 1.18)

**Disinvestment,
Restructuring and
Privatisation of PSUs**

During the year 2015-16, there was no case of privatisation of Government companies and statutory corporations. However, one PSU, namely Himachal Pradesh Power Corporation Limited had disinvested ₹ 100.00 crore equity to Himachal Pradesh Road and other Infrastructure Development Board. The State government has not prepared any policy on disinvestment of Government equity invested in State PSUs.

(Paragraph 1.28)

PERFORMANCE AUDIT ON PROVISION OF TRANSPORT SERVICES WITHIN THE STATE OF HIMACHAL PRADESH

Performance audit on provision of transport services within the State of Himachal Pradesh was conducted. The important audit findings are as under:

Introduction

The Himachal Road Transport Corporation (Corporation) was incorporated in September 1974 under Section 3 of the Road Transport Corporation Act, 1950, as a wholly owned Corporation of the Government of Himachal Pradesh (GOHP) with the objective of providing economic, efficient, reliable and safe transport system for the commuters in the State. The Corporation had a fleet strength of 2,827 buses as on 31 March 2016 including 781 buses procured under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) during 2014-16 besides 37 attached buses being operated under wet-lease. The Corporation carried an average of five lakh passengers per day as of March 2016 by covering 1,853.63 lakh kilometers (kms) annually. In addition to the fleet of Corporation, private operators are also operating within the State with 3,345 buses as of March 2016. The fare structure and allocation of routes between the Corporation and private operators is controlled and approved by the State Government as per its transport policy.

(Paragraph 2.1)

Allocation of route permits and identification of new routes

No criteria had been determined to ascertain which routes were to be allotted to the Corporation and which to the private operators. Audit analysis brought out that only 10 *per cent* of route frequencies between district headquarters and tourist destinations with maximum flow of commuters were allotted to the Corporation and 90 *per cent* to private operators. There was no mechanism in place to ensure that burden of uneconomical routes were equitably shared by both the Corporation and the private operators.

Further, no mechanism had been established to ensure the reasonability of the price of a route permit and they were being allotted on an *ad hoc* basis.

(Paragraph 2.7.1)

Pollution Control and Road safety

Poor enforcement of judicial decisions as well as provisions of the Motor Vehicles Act relating to installation of speed governors and vehicle tracking systems and ineffective monitoring compromised maintenance of road safety and pollution standards in the State.

(Paragraphs 2.9 and 2.10)

Vehicle productivity

Vehicle productivity achieved by the Corporation was 16 to 54 kilometers less than the all India average during 2011-16 which deprived the Corporation of potential traffic revenue of ₹ 313.29 crore during 2011-16.

(Paragraph 2.14.3)

Dead Kilometers

Inconsistencies in recording of 'dead kilometers' between ISBT Delhi and parking space in Jagatpur in eight test-checked units brought out loss of ₹ 2.14 crore on account of extra dead mileage during the period of five years ended March 2016.

(Paragraph 2.15.2)

Fuel Cost

The Corporation consumed 498.38 lakh litres of fuel in excess of the all India average during 2011-16 resulting in extra expenditure of ₹ 240.02 crore.

(Paragraph 2.16)

Claims for fare concessions / discount and their recoveries

The State Government compensates the Corporation for concessions and free passes for various sections of society. However, the Corporation submitted its claims only on estimation basis and not on actuals. Out of total estimated claims of ₹ 1,111.66 crore during 2011-16, the State Government reimbursed ₹ 895.00 crore — leaving ₹ 216.66 crore unrecovered.

(Paragraph 2.18)

AUDIT OF TRANSACTIONS

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies, which had serious financial implications. Gist of the important audit observations is given below:

Audit of implementation of Re-Structured Accelerated Power Development and Reforms Programme (R-APDRP)

Non-completion of Re-Structured Accelerated Power Development and Reforms Program works by the Himachal Pradesh State Electricity Board Limited (Company) within schedule time resulted in loss of potential revenue of ₹ 73.06 crore due to non-achievement of envisaged loss reduction targets besides forfeiting grant of ₹ 17.92 crore which was admissible on successful completion of the projects within the time schedule approved by the Government of India. Further, the Company failed to deduct entry tax from the contractors and will have to deposit ₹ 8.64 crore alongwith interest and penalty as demanded by tax authorities. The Company did not recover penalty of ₹ 2.43 crore from the contractors on account of non-completion of required formalities such as non-submission of PERTchart (A PERTchart is a project management tool used to schedule, organise and coordinate tasks within a project) and performance bank guarantee as per contract agreement and non-synchronisation of allied works by the contractors rendered expenditure of ₹ 8.87 crore unfruitful.

(Paragraph 3.1)

Non- recovery of energy charges

The Himachal Pradesh State Electricity Board Limited failed to recover energy charges of ₹ 18.46 crore due to acceptance of bank guarantee for amount that was less than that stipulated in Government instructions and delay in taking remedial action despite repeated defaults.

(Paragraph 3.2)

Excess payment of interest to Industrial Consumer

Payment of interest by the Himachal Pradesh State Electricity Board Limited on refund of ₹ 39.49 lakh due to an industrial consumer on monthly compounding basis instead of simple interest resulted in excess payment of interest of ₹ 1.24 crore.

(Paragraph 3.3)

Inadmissible payment to the contractor

Incorrect evaluation of bids by the Himachal Pradesh State Electricity Board Limited on number basis instead kilogram basis for galvanised iron wire resulted in extra payment of ₹ 2.55 crore to a contractor.

(Paragraph 3.5)

Infructuous expenditure due to delay in acting upon exemption granted by Government

Delay on the part of the Himachal Pradesh State Electricity Board Limited in conveying exemption granted by State Government for installation of Real Time Online Water Discharge Monitoring System on Hydro Electric Projects to its field units resulted in infructuous expenditure of ₹ 2.19 crore on installation of devices which were not required to be installed.

(Paragraph 3.7)

Non-recovery due to failure to take into account all elements while arriving at mutual settlement with a contractor

Failure of the Himachal Pradesh General Industries Corporation Limited to take into account risk and cost from alternate sources and production loss while arriving at a mutual settlement with a defaulting firm relating to purchase of Extra Neutral Alcohol despite clear provisions in the contract and directions of Hon'ble Court, resulted in non-recovery of ₹ 81.95 lakh.

(Paragraph 3.8)

Audit of Sanction of loans to beneficiaries and recoveries

The Himachal Pradesh Minorities Finance and Development Corporation failed to meet the target of distribution of assistance to eligible beneficiaries from the minority community and

weaker sections and persons with disabilities. The Company failed to disburse sanctioned loan of ₹ 1.94 crore due to non-arrangement of required government guarantee and could not implement *Mahila Samridhi Yojana* despite allocation of ₹ 1.20 crore by the apex institution. Further, non-provision of calculation of normal interest from defaulters in the software led to short recovery of interest of ₹ 1.44 crore.

(Paragraph 3.9)

Audit of award and execution of transmission project

The Himachal Pradesh Power Transmission Corporation Limited had withdrawn excess loan funds without reference to the actual expenditure incurred on the project resulting in an extra financial burden of ₹ 1.52 crore. Non-adherence to norms of debt equity ratio for sharing costs would result in loss on Return on Equity of ₹ 3.80 crore per annum. Further, inconsistent approach in allowing interest free mobilisation advance led to interest loss of ₹ 5.11 crore.

(Paragraph 3.10)

Avoidable payment of Excise Duty

The Himachal Pradesh Power Corporation Limited failed to claim exemption of excise duty as allowed by the Government of India to Asian Development Bank funded projects resulting in avoidable payment of excise duty of ₹ 36.11 crore.

(Paragraph 3.11)

**AUDIT REPORT ON SOCIAL, GENERAL AND ECONOMIC
SECTORS - NON-PUBLIC SECTOR UNDERTAKINGS
(Report No. 3 of 2017)**

This Report is structured in three chapters. Chapter-I of the Report covers profile of audited entities, authority for audit, planning and conduct of audit, responses of the departments to Audit, etc. The other two chapters deal with the findings of Performance Audits on Schemes for upkeep/ improvement of livestock, Environment clearance and post clearance monitoring, Upgradation and maintenance of National Highways, Preparedness for Disaster Management in Himachal Pradesh and Integrated Watershed Management Programme and 13 paragraphs involving ₹411.61 crore relating to non-recovery, unfruitful/ unproductive/ infructuous expenditure, irregular withdrawal/ sanction of funds, etc. Some of the major audit findings are as follows:

PERFORMANCE AUDITS

ANIMAL HUSBANDRY DEPARTMENT

Schemes for upkeep/ improvement of livestock

The Animal Husbandry Department is responsible for all-round development of livestock in the State. The Department implements various programmes for improving the genetic potential of livestock, providing effective healthcare to livestock to prevent and control livestock diseases, improving feeding management practices and also carries out extension services in the field of animal husbandry.

A performance audit of Schemes for upkeep/ improvement of livestock was conducted with the objectives to assess the adequacy and effectiveness of planning processes for implementation of the scheme, sufficiency of funds allotted, efficiency and effectiveness of their utilisation, adequacy of capacity building, strengthening of physical infrastructure and human resources, economy, efficiency and effectiveness of implementation of the scheme and adequacy of internal control mechanism in the Animal Husbandry Department.

Major audit findings

Annual Action Plan

The Animal Husbandry Department had not prepared Annual Action Plans detailing the implementation strategy for various activities under the schemes for upkeep/ improvement of livestock during 2011-16.

(Paragraph 2.1.6.1)

Livestock Breeding Strategy

Against the objective of achieving exotic inheritance level of 50 *per cent* in cattle and 75 *per cent* in sheep, the Department could achieve exotic inheritance level of 46 and 38 *per cent* of cattle and sheep respectively.

(Paragraph 2.1.6.3)

Main livestock products

Although the milk production targets set by the Department during 2011-16 were by and large achieved, the State average annual milk yield (11.68 lakh MT) was 13 *per cent* below the national average (13.38 lakh MT).

(Paragraph 2.1.6.5)

Availability and utilisation of funds

Funds of ₹ 20.21 crore released during 2011-16 for construction of veterinary hospital buildings/ execution of livestock development projects remained unutilised with implementing agencies for periods ranging from 16 months to two years.

(Paragraphs 2.1.10.2, 2.1.14.1, 2.1.15 and 2.1.16)

Construction of institutional buildings and livestock development projects

Construction of 108 institutional buildings (₹ 7.44 crore) and execution of six livestock development projects (₹ 8.95 crore) sanctioned during 2011-15 were lying incomplete as of November 2016.

(Paragraphs 2.1.10.1, 2.1.14.4, 2.1.14.5 and 2.1.17.2)

Success rate of artificial insemination and availability of equipment

During 2011-16, the success rate of calves born through artificial insemination in cows ranged between 39 and 43 *per cent* and that of buffaloes between 40 and 45 *per cent* which was below the minimum standard of protocol of 50 *per cent* prescribed by Government of India.

(Paragraph 2.1.14.3)

ENVIRONMENT, SCIENCE AND TECHNOLOGY DEPARTMENT

Environment clearance and post clearance monitoring

Environment Impact Assessment (EIA) is a process to identify environmental impacts of a project prior to its approval. EIA systematically examines both beneficial and adverse consequences of a proposed project and ensures that the environmental impact is assessed and mitigation measures are taken into account in the project design. Environment clearance is granted in terms of Government of India (GOI) EIA Notification of 2006 that imposes certain restrictions and prohibitions on new projects or activities or modernisation of existing projects or activities.

A performance audit of Environment clearance and post clearance monitoring was conducted with the objectives to assess the adequacy of financial and logistic support for implementation of EIA notification, efficiency, fairness and transparency in grant of environment clearance in conformity with the laid down procedure and adequacy of post environment clearance monitoring mechanism.

Major audit findings

Financial and logistic support

There was shortage of technical and scientific staff ranging between 51 and 55 per cent in State Pollution Control Board (SPCB).

(Paragraph 2.2.6 (ii))

Delay in grant of environment clearance

There was a delay in appraisal of Environment Impact Assessment application by the State Expert Appraisal Committee in 19 out of 60 test checked cases ranging between 14 days and 2.9 years and delay in grant of environment clearance by the State Environment Impact Assessment Authority in 42 cases ranging between eight days and three years.

(Paragraph 2.2.7.1)

Faulty planning and unfruitful expenditure

Faulty planning and conceptualisation for a bio-technology park in Solan district resulted in unfruitful expenditure of ₹ 2.07 crore and change in the bio-diversity by cutting of 897 green trees. The park was yet to be established.

(Paragraph 2.2.7.3)

Lack of monitoring of fulfillment of commitments made in public hearing and projects operating without consent to operate

Out of 20 test-checked projects, project proponents of two projects had not complied with the commitments of pollution mitigation measures made during public hearing. Further, the validity of consent to operate of SPCB had expired in respect of nine projects between March 2013 and March 2016 but they were continuing to operate as of August 2016.

(Paragraphs 2.2.8.1 and 2.2.8.2 (ii))

Non-providing of online monitoring stations and non-installation of environment monitoring stations

SPCB had not installed online monitoring systems for continuous stack emission and effluent quality in the polluting industries. In 16 out of 20 test-checked projects, the project proponents did not ensure the air, noise and water quality as number of monitoring systems to be installed were neither specified in Environment Clearance (EC) letters nor installed by the project proponents.

(Paragraphs 2.2.9.2 and 2.2.9.3)

Non-development of green belt and non-implementation of compensatory afforestation and catchment area treatment plan

Development of green belt in a project area was not specified in the EIA reports/ EC letters of seven selected projects and compensatory afforestation/ catchment area treatment plan was not carried out/ implemented in three selected projects though ₹ 18.77 crore were deposited with the Forest Department.

(Paragraphs 2.2.10.1 to 2.2.10.3)

PUBLIC WORKS DEPARTMENT

Upgradation and maintenance of National Highways

National Highways (NHs) are developed and maintained by the Government of India (GOI) with the aim of providing a road network for safe and speedy/ free flow of traffic. The National Highways Act, 1956 empowers GOI to declare certain highways as NHs. There were 17 NHs of 2,003 kms length in the State as of March 2016.

A performance audit of Upgradation and maintenance of National Highways was conducted with the objectives to assess the comprehensiveness of planning for upgradation and maintenance of national highways, economy and effectiveness of allocation and utilisation of funds, timeliness of claims preferred with GOI and reimbursement thereof, economy, efficiency and effectiveness of execution of works for upgradation and maintenance of national highways, execution/ completion of works according to prescribed time schedule and adequacy and effectiveness of quality control and monitoring mechanisms.

Major audit findings

Targets and achievements for upgradation components/ activities

There was shortfall of 40 *per cent* in achievement of targets for widening and strengthening of the NHs during 2011-16.

(Paragraph 2.3.5.4)

Expenditure against availability of funds

Against an allocation of ₹ 759.91 crore for original works during 2011-15, the Department could utilise ₹ 590.71 crore resulting in short utilisation of ₹ 169.20 crore.

(Paragraph 2.3.6.2)

Irregular diversion of funds deposited for laying of cables

Department irregularly diverted ₹ 1.20 crore from funds deposited by telecommunications companies for restoration of damages to purchase of vehicles and retained ₹ 117.20 crore under deposit head instead of remitting to the Union Ministry of Road Transport and Highways as required under the rules. Damages in 1,316.655 kms NHs were not restored as of March 2016.

(Paragraph 2.3.6.3)

Status of works

Against 119 works sanctioned at a cost of ₹ 985.79 crore and stipulated to be completed by March 2016, 39 works on which expenditure of ₹ 114.23 crore had been incurred were lying incomplete as of March 2016.

(Paragraph 2.3.7.1)

Non-completion of consultancy works for upgradation

Six jobs of preparation of detailed projects reports for upgradation of six NHs to two lanes awarded (May-August 2010) to consultants for ₹ 12.52 crore and stipulated to be completed by July 2011 remained incomplete as of June 2016 after expending ₹ 7.50 crore.

(Paragraph 2.3.7.2)

Quality assurance tests of works and action taken reports on inspection notes

Quality control mechanism was ineffective as Executive Engineers did not conduct the required quality tests/ inspections of works and also failed to initiate action for rectification of defects pointed out by the State Quality Control Wing in 74 inspections out of 111 during 2011-16.

(Paragraphs 2.3.10.1 and 2.3.10.2)

REVENUE DEPARTMENT

Preparedness for Disaster Management in Himachal Pradesh

The State of Himachal Pradesh is prone to various types of disasters causing destruction of life and property. Government of India (GOI) had identified 33 types of hazards of which the State is prone to 25 hazards. Seismic sensitivity of the State is high and seven out of 12 districts in the State have over 25 *per cent* of their area falling in seismic zone V (very high damage risk zone). The remaining part of the State falls in seismic zone IV (high damage risk zone). The State also experiences disasters in the form of forest and building fires with overall 8,534 fire incidents reported during 2011-16 causing an estimated loss of property valued at ₹ 451.30 crore. A total of 6,345 persons lost their lives and 30,184 cattle heads perished in disasters during 2011-16 in the State.

A performance audit of Preparedness for Disaster Management in Himachal Pradesh was conducted with the objectives to assess covering of all major aspects of disaster management in strategic and annual plans, set up of institutional mechanism for pre-disaster preparedness and effective response, adequacy of awareness and capacity building and adequacy of monitoring and evaluation mechanism.

Major audit findings

Institutional set-up

State Disaster Management Plan/ District Disaster Management Plans were not updated annually as required under the Disaster Management Act, 2005. Of 41 main Departments in the State, 28 Departments have not prepared disaster management plans as of June 2016.

(Paragraph 2.4.6.1)

Irregular utilisation of funds from SDRF

An amount of ₹ 18.96 crore was irregularly diverted from the State Disaster Response Fund (SDRF) for works not related to natural calamities.

(Paragraph 2.4.7.3 (a))

Emergency operation centers and community based and medical disaster preparedness

Emergency Operation Centers were yet to be fully equipped with necessary communication systems and Village Disaster Management Committees were not established in every district. Capacity building/ training on disaster preparedness was not imparted to doctors and para-medical staff as of June 2016.

(Paragraphs 2.4.8.1, 2.4.9.2 and 2.4.9.3 (i))

Hazard safety cells, construction standards and status of houses and training on construction of seismically safe buildings

Lifeline buildings had not been identified for retro-fitting to withstand seismic activity. Construction of seismic resistant buildings/ houses in rural areas had not been ensured as of June 2016. Training to engineers, builders and artisans on construction of seismically safe buildings was not adequate.

(Paragraphs 2.4.10.1, 2.4.10.2 and 2.4.10.3)

Techno-legal regime for earthquake risk reduction and structural safety audit of lifeline structures

Techno-legal regime with regard to follow up of construction of buildings on slope above maximum permissible limit of 45 degree had not been established. Action was not taken to act upon the cases of unauthorised/ haphazard constructions. Structural safety audit of lifeline buildings had also not been conducted as of July 2016.

(Paragraphs 2.4.10.4 and 2.4.10.5)

Establishment of fire posts at block/ GP level and availability of fire fighting vehicles

There were 3,243 *gram panchayats* in the State. However, fire posts were established in only 24 *gram panchayats*. Only 71 per cent fire vehicles were in good condition.

(Paragraphs 2.4.11.3 and 2.4.11.4)

RURAL DEVELOPMENT DEPARTMENT

Integrated Watershed Management Programme

The Integrated Watershed Management Programme was launched in April 2008 by Government of India to restore ecological balance by harnessing, conserving and developing natural resources such as soil, vegetative cover and water and to provide sustainable livelihoods for the people residing in the watershed areas.

A performance audit of Integrated Watershed Management Programme was conducted with the objectives to assess comprehensiveness of planning to

achieve desired outcomes, implementation of watershed projects within cost and time, effectiveness and economy of project implementation, operation and maintenance as per guidelines and adequacy of monitoring and evaluation mechanism for effectiveness of the programme.

Major audit findings

Perspective and strategic plan and achievements against targets fixed

Perspective plan was prepared (January 2009) at State level without considering block and district level watershed development plans. Against 5.91 lakh hectares of land required to be treated during 2009-16, only 0.86 lakh hectares (15 per cent) was treated as of March 2016.

(Paragraphs 2.5.6.1 and 2.5.8.2)

Availability of funds and expenditure thereof

38 to 87 per cent of available funds remained unutilised with the State Level Nodal Agency during 2011-16. Government of India did not release any funds during 2014-15 under IWMP due to inability of the Department to spend the required 60 per cent funds during 2013-14.

(Paragraph 2.5.7.1)

Excess of basic record of area treated

District Watershed Development Authority, Chamba, Shimla and Solan and District Rural Development Agency, Kinnaur had spent ₹ 88.21 crore on treatment of land under various activities during 2011-16 but no evidence of area actually developed/ treated was kept in record.

(Paragraph 2.5.8.3)

Non-adherence to cost norms

Due to non-adherence to cost norms for watersheds, seven project implementing agencies spent ₹ 7.59 crore under drought prone area programme in excess of the permissible limit.

(Paragraph 2.5.10.5)

Overlapping of projects

In Solan district, 5,579 hectares of land targeted for treatment at a cost of ₹ 8.06 crore overlapped with the area being treated under other programme executed by Forest Department.

(Paragraph 2.5.10.6)

Monitoring and evaluation

Monitoring and evaluation mechanism was not effective as inspections of works, meetings of State Level Nodal Agency and impact analysis of programme was not conducted to the desired level.

(Paragraph 2.5.12)

COMPLIANCE AUDIT

Forest Department

Encroachment of forest land in Himachal Pradesh

A review of the records relating to encroachment of forest land covering the period 2013-16 brought out that the Forest Department had not been able to ensure effective implementation and enforcement of the Indian Forest Act, 1971, resulting in encroachment of 9,545 hectares of forest land involving 43,086 cases in the State upto March 2016. Against 20.63 lakh hectares forest area targeted to be demarcated, 11.04 lakh hectares (54 per cent) had not been demarcated even after lapse of more than 28 years which provided opportunity for continuing encroachment. A total of 15,409 cases of forest land encroachments involving 3,572 hectares were pending in revenue and forest courts as of March 2016. Fencing work of vacated forest areas could not be carried out and ₹ 46.76 lakh towards cost of fencing was not recovered from encroachers in accordance with directions of the Hon'ble High Court. The Department attributed many of the shortcomings to shortages of field and revenue staff without indicating steps being taken to remedy the position.

(Paragraph 3.2)

Higher Education Department

Irregularities in disbursement of scholarships

Weak internal control in Department of Higher Education resulted in irregular disbursement of scholarships of ₹ 9.59 crore to students of unrecognised institutions.

(Paragraph 3.3)

Home Department

Reformation, rehabilitation and other facilities in jails

The Department of Prisons had not offered education and rehabilitation opportunities to the bulk of the prison population thereby defeating one the main objectives of reformation and rehabilitation of inmates by providing them skills and qualifications for alternate employment on their release. Only 69 out of 1,116 prisoners in the test-checked jails obtained educational qualification and only 50 prisoners out of 786

released were imparted skill development training in different trades during 2013-16. Institutional structures and processes that were envisaged in the Model Prison Manual were not established which had an adverse effect on decision making and provision of requisite facilities and infrastructure in the State prisons. Absence of reception centres in jails led to non-segregation of a large number of prisoners suffering from various diseases including tuberculosis, scabies, heart disease and renal problems and lodging them with other prisoners in the barracks which exposed the other prisoners to possibly infectious diseases. About 456 new prisoners out of 809 in test-checked jails found to be suffering from various diseases were lodged with other prisoners in the barracks. Medical facilities were inadequate and water supplied was not tested for quality and fitness for human consumption.

(Paragraph 3.5)

Industries Department

Non-recovery of royalty and interest on extraction of minerals

The Industries Department failed to recover royalty of ₹ 22.72 crore for extraction of minerals and interest of ₹ 4.39 crore from a firm.

(Paragraph 3.6)

Irrigation and Public Health Department

Assessment and collection of water charges

The Irrigation and Public Health Department was unable to recover water charges from all consumers, both domestic and commercial, resulting in significant increase in arrears of revenue. In addition, the Department effectively lost potential revenue due to non-revision of water charges of unmetered commercial connections as envisaged in State Government notification of June 2005 as also due to non-installation of meters by consumers.

(Paragraph 3.7)

Unfruitful expenditure on procurement of rigs for drilling of tubewells

Lack of adequate technical assessment of specifications of rigs by Irrigation and Public Health Department with reference to the topography and soil/ rock profile in the intended regions where they were to be deployed resulted in procurement of rigs that were not suitable for

the purpose. Further, the Department did not enforce compliance with the terms of the supply order relating to the warranty period, imparting of training and deployment of trained personnel by the firm. This resulted in unfruitful expenditure of ₹ 2.24 crore and non-recovery of cost of materials of ₹ 19.82 lakh from the firm.

(Paragraph 3.8)

Planning Department

Irregular sanction and release of funds under Members of Parliament Local Area Development Scheme (MPLADS)

Non-compliance of the provisions of the MPLADS guidelines by Planning Department and absence of any mechanism to verify admissibility limit of financial assistance to a Society resulted in excess release of ₹ 1.97 crore to a society. Besides, funds of ₹ 2.50 crore meant for areas inhabited by Scheduled Castes/ Scheduled Tribes population were released to the other areas.

(Paragraph 3.10)

Revenue Department

Unproductive expenditure on idle survey equipment under National Land Records Modernisation Programme

Failure of the Revenue Department to either enforce due performance of contractual obligations by contractor or impose contractual penalties resulted in expenditure of ₹ 1.91 crore on idle equipment being rendered unproductive and blocking of ₹ 1.68 crore.

(Paragraph 3.12)

Departments of Public Works, Industries, Scheduled Castes, Other Backward Classes and Minority Affairs, Technical Education, Vocational and Industrial Training and Youth Services and Sports

Non-execution/ non-completion of works due to non-identification/ availability of encumbrances free sites

Drawal and release of funds by departments to executing agencies without ensuring feasibility and encumbrance free land as envisaged in the Himachal Pradesh Treasury Rules and Central Public Works Manual resulted in unfruitful expenditure of ₹ 1.57 crore and blocking up of ₹ 12.14 crore with the executing agencies for more than one to nine years.

(Paragraph 3.13)

Time Series Data on State Government Finances

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Part-A: Receipts					
<i>1. Revenue Receipts</i>	14,543	15,598	15,711	17,843	23,440*
(i) Tax Revenue	4,108 (28)	4,626 (30)	5,121 (33)	5,940(33)	6,696 (29)
(ii) Non Tax Revenue	1,915 (13)	1,377 (9)	1,785 (11)	2,081(12)	1,837 (08)
(iii) State's share of Union taxes and duties	1999 (14)	2,282(14)	2,491 (16)	2,644(15)	3,611 (15)
(iv) Grants in aid from Government of India	6,521 (45)	7,313 (47)	6,314 (40)	7,178(40)	11,296 (48)
2. Miscellaneous Capital Receipts	--	-	-	650	-
3. Recoveries of Loans and Advances	25	21	17	41	26
4. Total Revenue and Non debt capital receipts (1+2+3)	14,568	15,619	15,728	18,534	23,466
5. Public Debt Receipts	1,984	3,371	4,050	10,877	6,129
6. Total Receipts in the Consolidated Fund (4+5)	16,552	18,990	19,778	29,411	29,595*
7. Contingency Fund Receipts	--	--	--	--	--
8. Public Account Receipts	9,237	9,146	10,300	10,575	11,515
9. Total Receipts of the State (6+7+8)	25,789	28,136	30,078	39,986	41,110
Part-B: Expenditure/disbursement					
10. Revenue Expenditure	13,898	16,174	17,352	19,787	22,303
11. Capital Expenditure	1,810	1,955	1,856	2,473	2,864
12. Disbursement of Loans and Advances	493	469	531	474	463
13. Total (10+11+12)	16,201	18,598	19,739	22,734	25,630
14. Repayments of Public Debt	1,128	2,117	1,704	8,260	3,948
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	17,329	20,715	21,443	30,994	29,578
17. Contingency Fund disbursements	--	-	-	-	-
18. Public Account disbursements	8,526	8,285	9,227	8,844	10,577
19. Total disbursement by the State (16+17+18)	25,855	29,000	30,670	39,838	40,155
Part-C: Deficits / Surplus					
20. Revenue Deficit (-) / Revenue Surplus (+) (1-10)	(+) 645	(-) 576	(-) 1,641	(-)1,944	1,137*
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 1,633	(-) 2,979	(-) 4,011	(-) 4,200	(-) 2,165
22. Primary Deficit (-)/ Surplus (+) (21+23)	(+) 497	(-) 609	(-) 1,530	(-) 1,351	990

* ₹ 23440.48 crore * ₹ 29595.59 crore * ₹ 1137.67 crore

	2011-12	2012-13	2013-14	2014-15	2015-16
Part-D: Other data					
23. Interest Payments (included in revenue expenditure)	2,130	2,370	2,481	2,849	3,155
24. Financial Assistance to local bodies, etc.	981	1,203	1,438	2,156	2,612
25. Ways and Means Advances / Overdraft availed (days)	--	-	11	125	31
26. Interest on Ways and Means Advances/ overdraft	--	-	0.11	14.80	6.40
27. Gross State Domestic Product (GSDP)	72,720 (--)	82,294 (13.16)	92,589 (12.51)	1,01,108 (9.20)	1,10,511 (9.30)
28. Outstanding Fiscal liabilities (year end)	28,228	30,442	33,884	38,192	41,197
29. Outstanding guarantees (year end)(including interest)	3,316	3,353	4,333	4,281	3,714
30. Maximum amount guaranteed (year end)	6,208	9,455	9,316	9,316	9,658
31. Number of incomplete projects	13	12	12	13	12
32. Capital blocked in incomplete projects	930	115	130	141	143

Figures in brackets represent percentages.